

Department of Social and Health Services

DP Code/Title: M2-9F Federal Funding Adjustment

Program Level - 040 Div of Developmental Disab

Budget Period: 2003-05 Version: 11 2003-05 Agency Request Budget

Recommendation Summary Text:

This step requests the realignment of federal funding sources assumed in the agency's carry forward level budget.

It also requests revisions to the Division of Developmental Disabilities (DDD) and Economic Services Administration (ESA) previous federal earning assumptions.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 040			
001-1 General Fund - Basic Account-State	3,300,000	3,300,000	6,600,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	(3,300,000)	(3,300,000)	(6,600,000)
Total Cost	0	0	0

Staffing

Package Description:

The majority of these federal funding source adjustments are related to approved allotment changes not reflected in the Budget and Allotment Support System's carry forward level budget.

The 2001-03 Budget assumed a higher federal match than can be attained within budget unit H-51, Residential Programs. The budget assumed DDD would earn federal funds at a rate of 46.4 percent while the division can earn only 44.8 percent. The difference is that 6.5 percent of the H-51 allotment are state-only expenditures for which no federal match can be earned. These state-only expenditures reflect situations where the services are not covered within the Home and Community Based Services (HCBS) waiver, such as client allowance, client start-up costs, or facility start-up costs. Additionally, there are a number of clients who are supported with state-only funds because they do not qualify for the HCBS waiver due to income. In the 2001-03 Budget the Legislature also restricted the number of clients added to the waiver.

The 2002 Legislature directed the division to redirect some state-only expenditures as State Supplemental Payments (SSP). There will be approximately \$2.5 million per year of current state-only expenditures within H-51 which will be converted to SSP. Because these funds cannot be used to claim federal match, this will further restrict any opportunity to increase the federal match within H-51.

Narrative Justification and Impact Statement

How contributes to strategic plan:

This proposal supports the department's strategic plan to maintain a safety net for people in need by delivering cash, food, medical benefits, child care, and other services to eligible people quickly and accurately.

Performance Measure Detail

Program: 040

Goal: 06D Effectively/efficiently use resources to accomplish values/principals/ mission

No measures submitted for package

Incremental Changes

FY 1

FY 2

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Reason for change:

To align budgeted federal funding sources with projected federal earnings.

DDD will spend \$3.3 million more per year than the General Fund-State (GF-S) appropriation for budget unit H-51, Residential Programs. It will correspondingly underspend a similar amount in General Fund-Federal appropriation. This shortfall in GF-S appropriation will require adjustment in services elsewhere.

Impact on clients and services:

None

Impact on other state programs:

None

Relationship to capital budget:

None

Required changes to existing RCW, WAC, contract, or plan:

None

Alternatives explored by agency:

To offset the shortfall within funding sources, DDD considered reducing services in Residential Programs or Community Services as follows.

Reduce support to clients supported in Residential Programs:

Most clients supported in H-51 have been placed on the HCBS waiver. Reductions in their current level of support could jeopardize federal match claims. DDD provides support to clients commensurate with their needs. If services are reduced, client health and safety may be compromised. In a 1999 housing survey conducted by DDD, it was determined that 50 percent of clients live in multiple-person households. In the more expensive Intensive Tenant Support program, 70 percent of clients lived in multiple-person households. Because the vacancy rate in the residential program is very low (less than 1 percent) and because most clients do not live alone, very few savings can be generated by maintaining vacancies.

Reduce expenditures in other budget units within Community Services:

If the projected shortfall in H-51 cannot be addressed by other means, DDD will reduce services that do not compromise client health and safety or create problems with the Center for Medicaid and Medicare Services (CMS), formerly known as the Health Care Finance Administration. The reductions would likely occur within Family Support or Employment and Day Programs.

Budget impacts in future biennia:

Corrections may need to be made each biennia based on actual federal earning for individual federal funding sources.

Distinction between one-time and ongoing costs:

All costs are ongoing.

Effects of non-funding:

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These changes from official carry forward level assumptions are requested to better reflect expected federal earnings.

Non-funding of this item will jeopardize federal match claims resulting in service reductions that could compromise clients' health and safety. If the projected shortfall in H-51 is not addressed by other means, DDD will reduce services that do not compromise client health and safety or create problems with the CMS. The reductions would likely occur within Family Support or Employment and Day Programs.

Expenditure Calculations and Assumptions:

See attachment - DDD M2-9F Federal Funding Adjustment.xls

<u>Object Detail</u>		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program Totals				
<u>DSHS Source Code Detail</u>				
Program 040		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	3,300,000	3,300,000	6,600,000
<i>Total for Fund 001-1</i>		3,300,000	3,300,000	6,600,000
Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa				
<u>Sources</u>	<u>Title</u>			
19TA	Title XIX Assistance (FMAP)	(3,300,000)	(3,300,000)	(6,600,000)
<i>Total for Fund 001-C</i>		(3,300,000)	(3,300,000)	(6,600,000)
Total Program 040		0	0	0